

We produce gold...

DELIVERING A WORLD OF POSSIBILITIES



RICHMONT

We don't make the **jewellery** you wear, but we do identify ore zones rich in the gold needed for its creation. We don't work in the **telecommunications** industry, but we do mine the gold that allows transmitters and cables to send clear, high-quality signals. We're not active in the **aeronautics** sector, but we do process ore to extract the gold used to make numerous airplane parts. We're not a member of the **aerospace** industry, but we do manufacture gold bars, the raw material for the protective film that shields satellites and astronauts from the intense rays of the sun.

Many of the products that you use every day contain the precious resource that Richmond Mines has been producing for years: **GOLD**.

An expanding gold producer, Richmond Mines owns mining properties across Canada, in Quebec, Newfoundland and Ontario.

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HIGHLIGHTS



2002

- > Record gold sales of 102,690 ounces
- > Net earnings of \$9 million, or \$0.59 per share
- > Cash flow from operations of \$16 million, or \$1.05 per share
- > Resumption of operations at the Beaufor Mine
- > Substantial increase in resources at the Francoeur Mine
- > Appointment of Louis Dionne as President and Chief Executive Officer

	2002	2001	2000
Results (millions of CAN\$)			
Revenues	52.0	35.0	34.8
Net earnings (loss) before write-down of mining assets and provision for site restoration costs	9.2	4.6	2.6
Net earnings (loss)	9.1	0.5	(3.4)
Cash flow from operations before net change in non-cash working capital	16.0	9.0	9.6
Results per share (CAN\$)			
Net earnings (loss) before write-down of mining assets and provision for site restoration costs	0.60	0.31	0.17
Net earnings (loss)	0.59	0.03	(0.22)
Cash flow from operations before net change in non-cash working capital	1.05	0.60	0.63
Financial position (millions of CAN\$)			
Total assets	45.3	32.1	31.5
Working capital	29.8	14.3	13.8
Gold production (ounces)			
	103,535	73,344	79,268
Gold sales (ounces)			
	102,690	81,153	77,541
Total reserves and resources (ounces)			
	760,500	703,000	604,000



> Exploration
drilling

1



> Identification
of ore veins

2



> Blasting
and ore
extraction

3

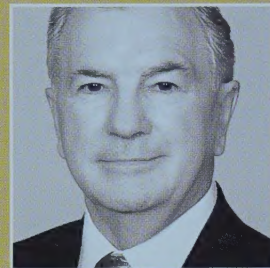


Gold processing

Over the years, Richmond Mines has consistently put together teams that excel in the development and operation of gold mines. Given its solid financial position, the Company intends to become an intermediate gold producer by developing its existing sites and acquiring other profitable gold projects.



Louis Dionne
President and Chief Executive Officer



Jean-Guy Rivard
Chairman of the Board

MESSAGE TO SHAREHOLDERS

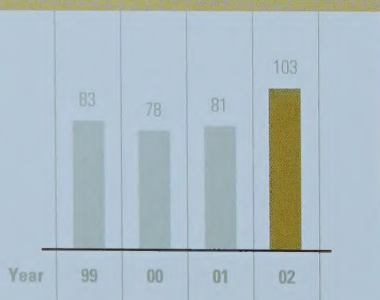
The gold industry rebounded dramatically in 2002. The price of gold ranged from US\$278 to US\$349 per ounce, averaging US\$310, which is US\$39 higher than the average price in 2001. This represents the first time in five years that the price of gold has remained above the US\$300 mark for an extended period of time. The year 2003 promises to be another banner year since the price of gold surpassed US\$380 per ounce in February.

In light of this favourable situation, Richmond Mines pursued its objective of becoming an intermediate gold producer. In January, the Beaufor Mine in Quebec resumed operations following the completion of major work to secure the mine and improve its infrastructure. In Newfoundland, the Hammerdown Mine completed its first full year of production.

The financial results of Richmond Mines improved considerably over the past year. Thanks to, among other factors, record sales of 102,690 ounces of gold, net earnings jumped to \$9,085,818, or \$0.59 per share, from \$518,090, or \$0.03 per share in 2001. Cash flow from operations also increased, rising from \$11,950,388 in 2001 to \$15,916,748. Richmond Mines reported an average production cash cost of US\$162 per ounce, down from the average cash cost of US\$166 per ounce recorded in 2001.

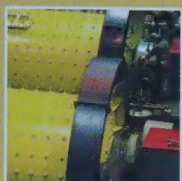
The Beaufor Mine produced 56,065 ounces of gold at a cash cost of US\$163 per ounce. Also, exploration work increased reserves and resources at the mine.

Total gold sales



Thousand ounces

Transportation
of ore to
the mill



> Ore
treatment

5



> Pouring
of gold
bars

6



> Selling of
gold bars

7

Furthermore, an exploration program at the Francoeur Mine increased resources, mainly in the West Zone, to 907,000 tons grading 0.26 ounces of gold per ton, which is significantly higher than the 368,000 tons grading 0.24 ounces per ton in 2001. In 2003, Richmond Mines will continue its exploration work and conduct a feasibility study aimed at resuming operations at the Francoeur Mine.

As for the Hammerdown Mine, it produced a total of 47,470 ounces at a cash cost of US\$159 per ounce, compared with 34,210 ounces at a cash cost of US\$115 per ounce in 2001. In an effort to extend the operating life of the mine, which is slated to close in 2004, an exploration program of \$500,000 will be conducted in 2003.

Another significant development in 2002 was the December appointment of Louis Dionne as President and Chief Executive Officer. A mining engineer who has 17 years of experience with Barrick Gold, Mr. Dionne succeeds Jean-Guy Rivard, who remains Chairman of the Board of the company he founded in 1981.

In 2003, Richmond Mines expects production to be similar to the total for 2002, approximately 100,000 ounces of gold. The Company will extend its exploration initiatives and plans to invest \$4 million to conduct further exploration at the Beaufor, Francoeur and Hammerdown Mines as well as on the Nugget Pond and Wasamac properties.

According to many observers, the situation of the gold industry will remain favourable in 2003 and in subsequent years. Richmond Mines intends to pursue its growth strategy by conducting ongoing exploration at its current properties and by acquiring new profitable gold projects. Its financial position remains very strong: the Company has no long-term debt, and as at December 31, 2002, it had working capital of \$29.8 million and an unused line of credit of \$5 million.

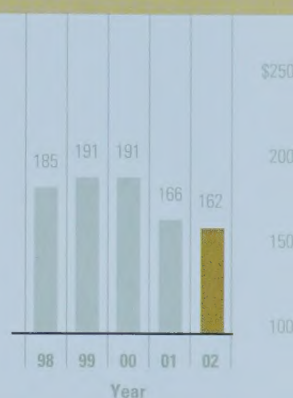
In closing, we would like to thank all the employees of Richmond Mines for their sustained effort and ongoing support. Our remarkable results for 2002 attest to their dedication and expertise. We are also grateful for the support and judicious guidance of the Board of Directors. Thanks to these key internal and external resources, Richmond Mines is well positioned to take advantage of the anticipated strengthening of the gold industry in the years ahead.

Louis Dionne
President and Chief Executive Officer

Jean-Guy Rivard
Chairman of the Board

February 20, 2003

**Cash cost per
ounce of gold**



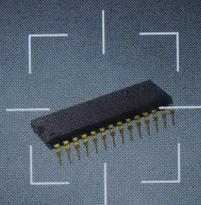
Cash cost in US\$



> Use of gold in a multitude of applications

8

- > AEROSPACE
- > ELECTRONICS
- > TELECOMMUNICATIONS
- > INFORMATION TECHNOLOGY



Telephones

Gold in the handset microphone contributes to the clear reception of telephones and similar devices. The corrosion resistance of gold is particularly useful in public telephones, which are exposed to poor weather conditions. Gold is also an essential current-conducting component of the printed circuit boards in cell phones.



AVIATION • AEROSPACE • ELECTRIC WHEELCHAIRS • SPACECRAFT • TELEPHONE
ELECTRONIC SYSTEMS • LASER SURGERY • CABLES • RESEARCH • CONNECTORS • JEWELLERY
ELECTRONIC COMPONENTS • AUDIO EQUIPMENT • DECORATIONS • FRAMES • MICROELECTRONICS
ELECTRIC WHEELCHAIRS • SPACECRAFT • TELEPHONES • TELEVISIONS • VCRs • ASTRONAUTICS
ELECTRONIC COMPONENTS • AUDIO EQUIPMENT • DECORATIONS • FRAMES • MICROELECTRONICS
ELECTRIC WHEELCHAIRS • SPACECRAFT • TELEPHONES • TELEVISIONS • VCRs • ASTRONAUTICS

In addition to its role as a currency and financial hedge, gold has long been used to make jewellery and other goods. The properties of gold, particularly its superior conductivity and corrosion resistance, make it the ideal material for various purposes. Found in numerous electronic devices and household appliances, including computers and telephones, gold makes our daily lives easier, often quite discreetly.

Its use has become much more widespread over the years. Gold is now being launched into outer space on board spacecraft and satellites. It is also used in the treatment of arthritis, certain cancers and other stubborn illnesses, as well as in dentistry, for fillings and bridges. In short, the potential for gold use appears to be limitless.

Cables

The cables that connect various electronic devices such as TVs and VCRs are gold-plated to ensure that the signal is clear.

Astronauts

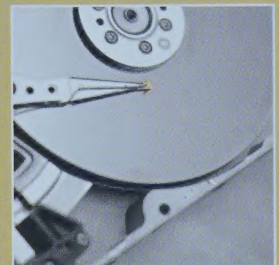
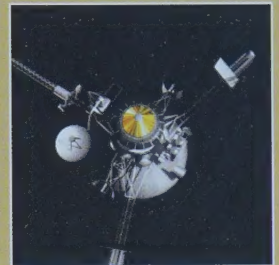
The visors worn by astronauts are coated with gold film to protect their eyes from the ultraviolet and infrared rays of the sun.

Computers

Gold is used in various computer components including hard drives, microchips, printed circuit boards and modems, because it is highly conductive and extremely durable.

Satellites

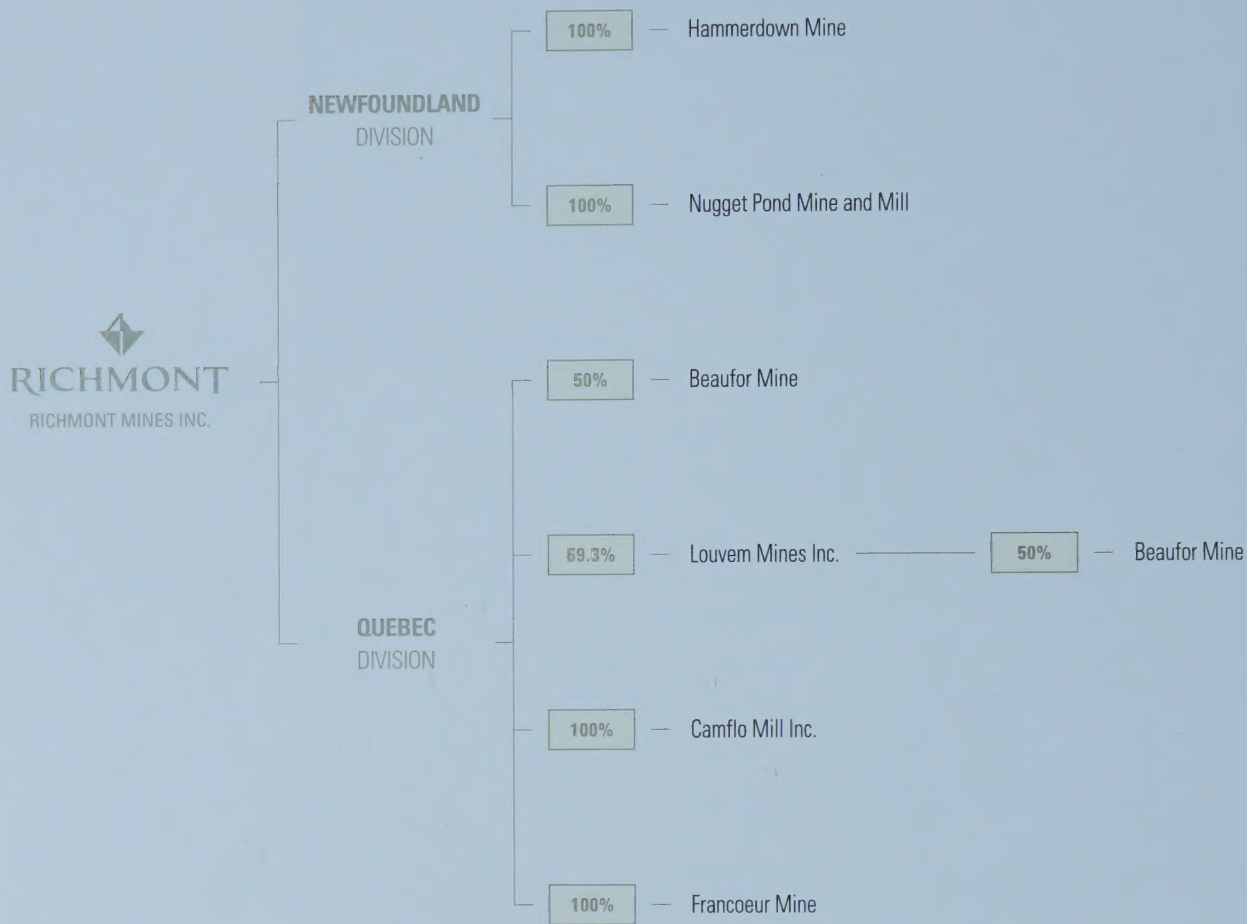
Satellites are covered with a layer of gold-plated polyester to protect them from intense sunlight and to maintain the interior temperature at an appropriate level.



Photocopiers

Photocopiers, which use high temperatures to transfer images onto paper, contain gold-plated mirrors that reflect heat efficiently.

CORPORATE STRUCTURE



Lasers

In medicine, the ion laser appears to offer very promising treatment options. The interior surface of the laser is coated with a layer of gold to control the focus of the beam.



Drugs

Since gold is biologically inert, biochemists mix it with other materials to create medicines.



Airplanes

Gold is used in the engines of commercial and military airplanes as well as in the windows to prevent condensation.



LOCATION MAP



GOLD RESERVES AND RESOURCES

December 31	Proven and probable reserves			Resources			Total (reserves and resources)		
	tons	grade	ounces	tons	grade	ounces	tons	grade	ounces
Hammerdown Mine									
2002	159,000	0.44	70,000	104,000	0.39	40,500	263,000	0.42	110,500
2001	370,000	0.51	190,000	440,000	0.26	115,000	810,000	0.38	305,000
Beaufor Mine									
2002	1,116,000	0.22	246,000	805,000	0.21	171,000	1,921,000	0.22	417,000
2001	1,103,000	0.21	237,000	380,000	0.19	74,000	1,483,000	0.21	311,000
Francoeur Mine									
2002	-	-	-	907,000	0.26	233,000	907,000	0.26	233,000
2001	-	-	-	368,000	0.24	87,000	368,000	0.24	87,000
Total									
2002	1,275,000	0.25	316,000	1,816,000	0.24	444,500	3,091,000	0.25	760,500
2001	1,473,000	0.29	427,000	1,188,000	0.23	276,000	2,661,000	0.26	703,000

Proven mineral reserve

A proven mineral reserve is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Probable mineral reserve

A probable mineral reserve is the economically mineable part of an indicated and, in some circumstances, a measured mineral resource, demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Ontario

Quebec

Nugget Pond Mill

Camflo Mill

Beaufor Mine

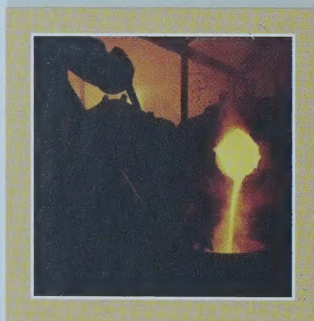
Hammerdown Mine

Newfoundland

CANADA

Production

RICHMONT MINES SET A PRODUCTION RECORD IN 2002. ITS TWO OPERATING MINES, BEAUFOR AND HAMMERDOWN, PRODUCED A TOTAL OF 103,535 OUNCES OF GOLD. IN COMPARISON, PRODUCTION TOTALLED 73,344 OUNCES OF GOLD IN 2001. TOTAL SALES FOR 2002 WERE 102,690 OUNCES OF GOLD AT A CASH COST OF US\$162 PER OUNCE, COMPARED WITH 81,153 OUNCES OF GOLD AT A CASH COST OF US\$166 FOR 2001.



Pouring gold

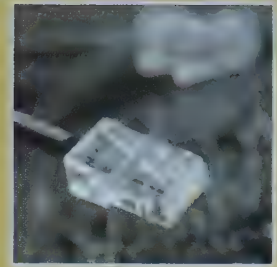
Gold is poured into moulds to make gold bars, which is the final production step.

OUTLOOK

In 2003, Richmond Mines expects to match its 2002 record, producing 100,000 ounces of gold.

Telephone plugs

signal, gold is used in telephone plugs
connection cords and wall jacks



PRODUCTION DATA

2002

	Beaufor Mine	Hammerdown Mine
Tons processed	223	
Grade	0.25	
Gold recovery (%)		
Ounces produced	56	
Ounces sold	54,374	
Cash cost / ounce sold	US\$163	US\$15

BEAUFOR MINE

After completing major work to secure the mine and improve its infrastructure, Richmond Mines resumed operations at the Beaufor Mine in January 2002. The Company acquired a 50% interest in this mine in April 2001 at a cost of \$1.8 million, becoming the mine operator. The remaining 50% of the Beaufor Mine is owned by Louvem Mines Inc., a company in which Richmond Mines has held a 69.3% interest since July 1, 1997. The Beaufor Mine is located 16 miles northeast of Val-d'Or, Quebec. In 2002, gold sales from the Beaufor Mine totalled 54,374 ounces at a cash cost of US\$163 per ounce.

HAMMERDOWN MINE

Located near King's Point in Newfoundland, the Hammerdown Mine started up in July 2001 and has just completed its first full year of production. Richmond Mines acquired this mine in March 2000. In 2002, production at Hammerdown totalled 47,400 ounces of gold, compared with 34,210 ounces the previous year. Gold sales were 48,316 ounces at a cash production cost of US\$159 per ounce, compared with sales of 32,533 ounces at a cash production cost of US\$15 per ounce in 2001. Lower grades account for this increase in the per-ounce production cost.

CAMFLO AND NUGGET POND MILLS

In 2002, the Camflo Mill processed 223,163 tons of ore provided exclusively by the Beaufor Mine, while the 169,235 tons processed in 2001 came mainly from the Francoeur Mine. In 2002, all 102,890 tons of ore processed at the Nugget Pond Mill were supplied by the Hammerdown Mine, while the 99,407 tons processed in 2001 came from the Hammerdown and Nugget Pond mines.

Ontario

Quebec

Harvest Food Mine and MLI

Beaufor Mine and Property

Harvest Food Mine

Beaufor Mine

Newfoundland

CANADA

Exploration

IN 2002, RICHMONT MINES UNDERTOOK MAJOR EXPLORATION WORK AT A COST OF \$3.7 MILLION, CONSIDERABLY MORE THAN THE \$460,300 INVESTED IN THIS ACTIVITY IN 2001. THE MOST SIGNIFICANT RESULTS OF THIS WORK WERE THE REPLACEMENT OF THE RESERVES OF THE BEAUFOR MINE AND A SUBSTANTIAL INCREASE IN THE RESOURCES OF THE FRANCOEUR MINE.



Francoeur Mine

Continued work at the mine
continued the expansion of
the mine's resources.

OUTLOOK

In 2003, Richmond Mines will devote the unprecedented sum of \$4 million to conduct further exploration at its various mines and properties.

Exploration and project evaluation



Thousands of CAN\$

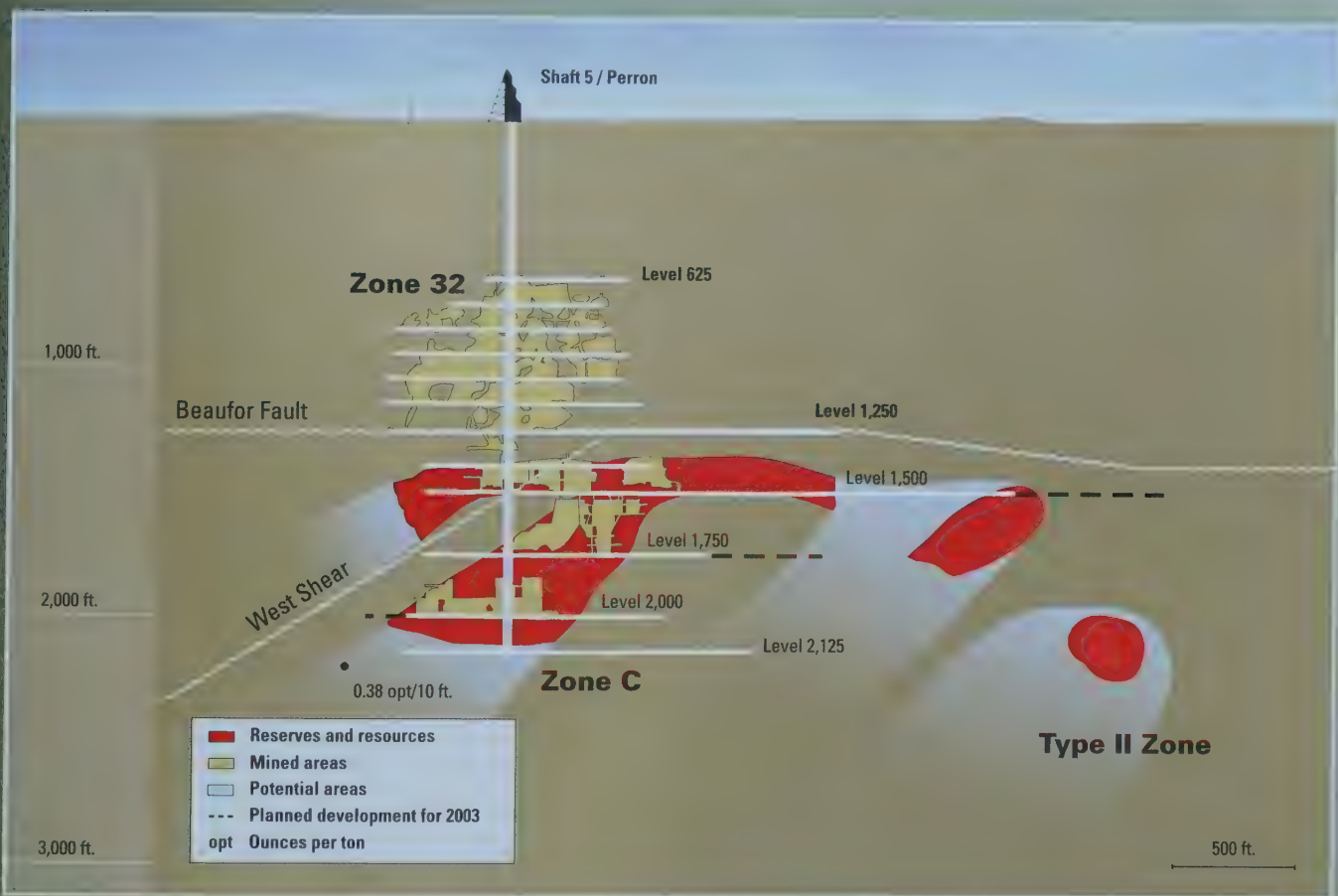
Decoration and renovation

Decorating and renovating the mine's underground infrastructure is a key part of the company's commitment to safety and health. The company has invested in the renovation of the mine's underground infrastructure, including the installation of new ventilation systems, lighting, and safety equipment.



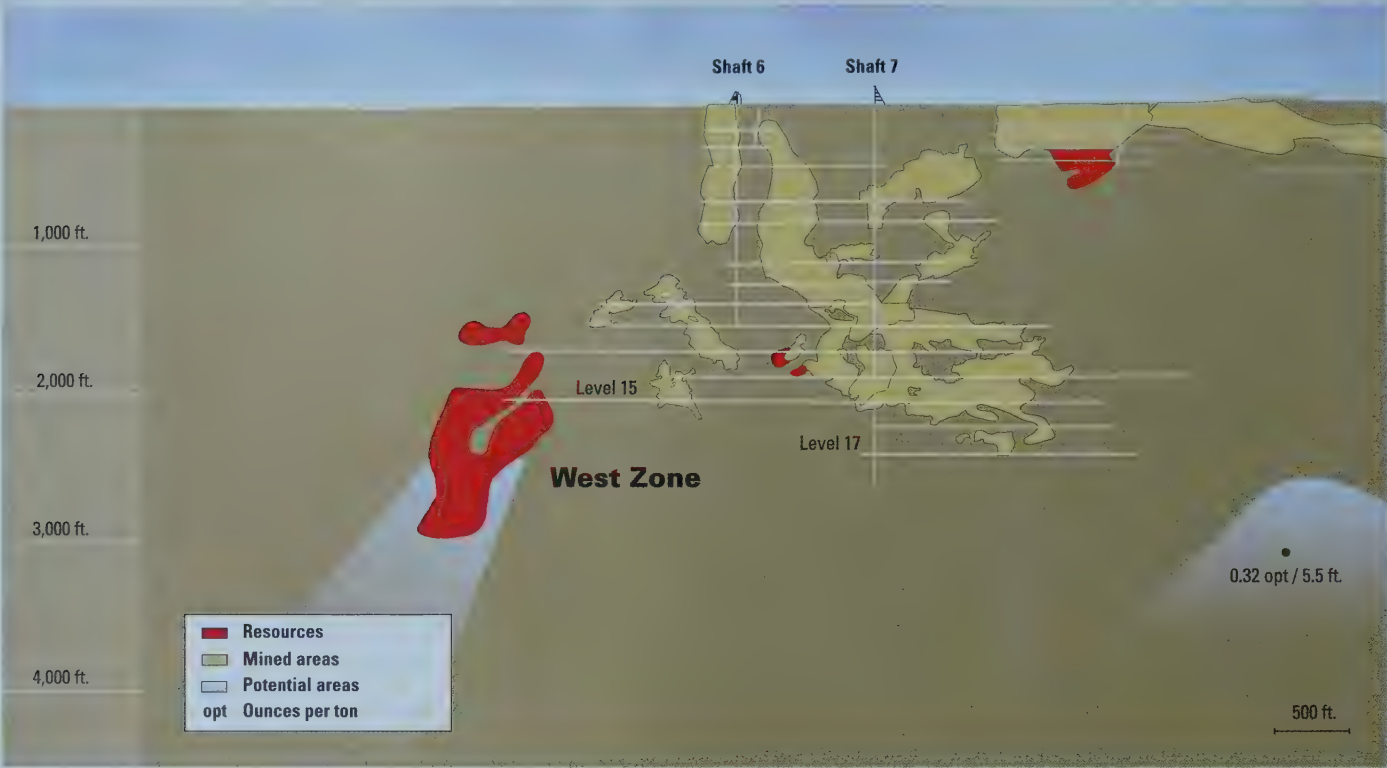
BEAUFOR MINE

Exploration activities at the Beaufor mine are focused on the development of new reserves and resources. The company has identified several areas of potential interest, including the lateral extension of the main ore body and the discovery of new ore bodies. The company is currently conducting detailed geological and geophysical studies to evaluate the potential of these areas. The company is also conducting environmental and social impact studies to ensure that the development of these areas is sustainable and in the best interests of the community.



FRANCOEUR MINE

The 2002 exploration program at the Francoeur Mine increased its resources to 907,000 tons of ore grading 0.26 ounces per ton, or 233,000 ounces of gold. In 2001, resources stood at 368,000 tons grading 0.24 ounces of gold per ton, or 87,000 ounces of gold. To mine the new resources, the underground infrastructure of the mine will have to be expanded. In 2003, definition drilling in the West Zone will be completed, as will the exploration in the peripheral zone. A study is underway to feasibility of sinking a shaft at the Francoeur Mine with a view to resuming operations. Preliminary estimates that at a gold price of US\$300 per ounce, it would be profitable to restart the Francoeur Mine if these resources



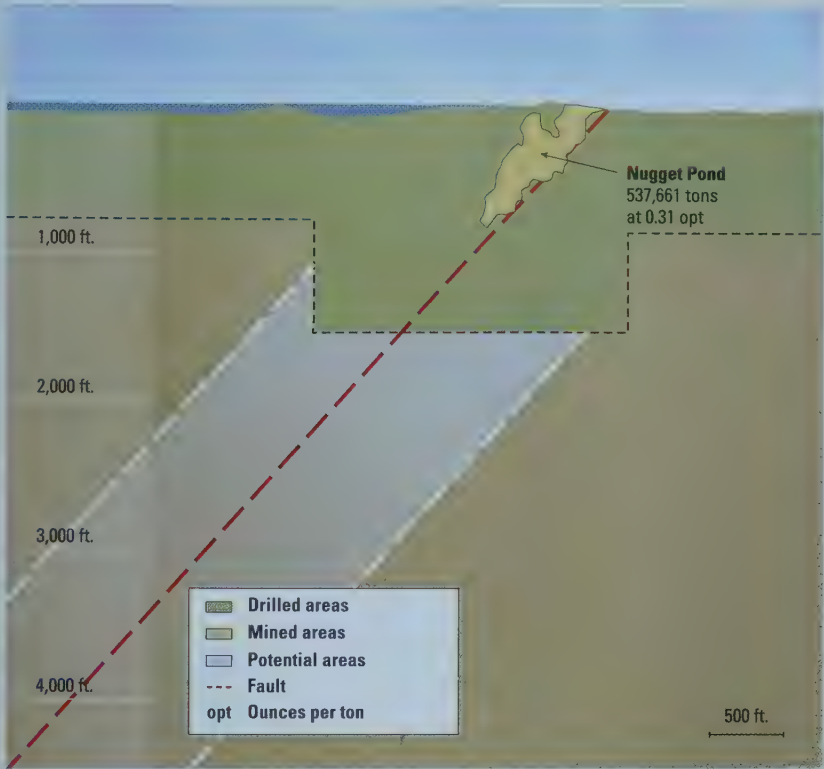
WASAMAC PROPERTY

Richmont Mines since 1988, the Wasamac property is located four miles east of the Francoeur Mine. This property has numerous gold showings, including the former Wasamac Mine, where over 2 million tons of ore grading 0.12 ounces per ton were mined between 1966 and 1971. Two recent drill holes intersected grades of 0.12 ounces of gold per ton over 17 feet and 0.24 ounces of gold per ton over 11 feet at a depth of approximately 1,000 feet. A drilling program is underway to define the extent of the ore zones.



NUGGET POND MINE

In 2002, no exploration work was carried out at the Nugget Pond Mine reserves. However, the Company does intend to resume exploration at the mine in the Nugget Pond ore horizon, which extends for over 13 miles and includes some excellent exn the drilling program for the coming year will assess the extension at depth of the Nugget Pond Mine as wi in the northeast sector of the property



HAMMERDOWN MINE

The exploration work carried out in 2002 indicated that the reserves of the Hammerdown Mine in Newfoundland by 36%. This decrease is attributable to a lack of continuity in the periphery of the ore zone and at greater dept In 2002, the proven and probable reserves of the Hammerdown Mine were estimati gold per ton, or 70,000 ounces. Resources stood at 104,000 tons grading 0.39 ounces of gold per ton, or effort to extend the operating life of the mine, which is slated to close in 2004, a \$500,000 exploration program will be in 2003.



Ontario

Quebec

Newfoundland

CANADA

Acquisitions

RICHMONT MINES IS DETERMINED TO INCREASE ITS MINING RESERVES THROUGH SELECTIVE, TARGETED EXPLORATION ON ITS CURRENT PROPERTIES AND THROUGH THE ACQUISITION OF NEW PROPERTIES. THE COMPANY IS ALSO WELL POSITIONED TO ACQUIRE OPERATING MINES, AS EITHER EXCLUSIVE OWNER OR CO-OWNER. IT SEEKS OUT ACQUISITIONS LOCATED IN NORTH AMERICA, PREFERABLY IN CENTRAL OR EASTERN CANADA, IN ONTARIO, QUEBEC OR NEWFOUNDLAND.



Beaufor Mine

OUTLOOK

For its future projects, Richmond Mines can count on working capital of \$29.8 million and an unused line of credit of \$5 million, as at December 31, 2002. The Company is well positioned to develop its current properties and make further strategic acquisitions.

Compact disc

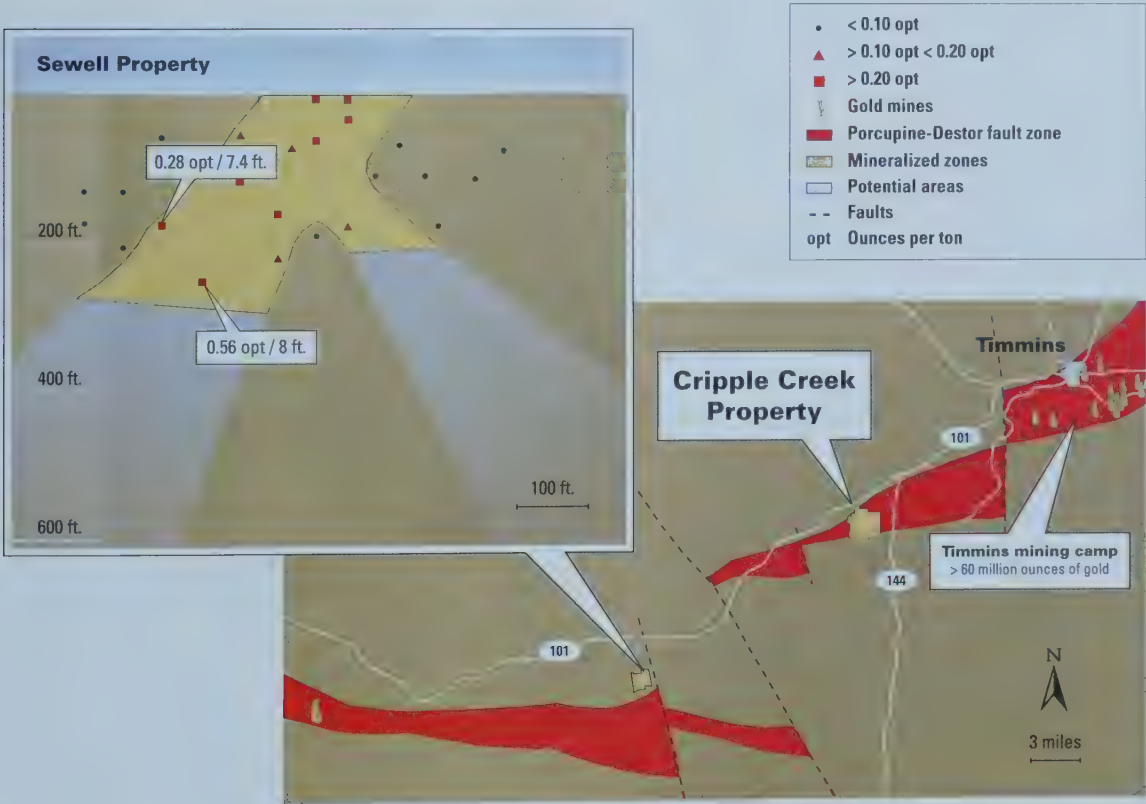
Music lovers depend on gold for the highest quality surface available on compact discs. The gold surface resists oxidation and moisture.



In 2002, Richmond Mines acquired the Norex property, adjacent to the main ore zone of the Francoeur Mine. The Company also purchased two exploration properties, Sewell and Cripple Creek. These properties are located near Timmins, Ontario, in a large mining camp that has produced over 60 million ounces of gold.

The Sewell property contains high grades of gold. The two best intersections, identified by exploration in 1987 and 1995, are 0.56 ounces of gold per ton over eight feet and 0.28 ounces of gold per ton over seven feet in drill core. The zone is open at depth, 250 feet from the surface.

The Cripple Creek property comprises three ore zones open at depth, which include the two best drill intersections of 0.19 ounces of gold per ton over 15 feet and 0.15 ounces of gold per ton over 18 feet. An exploration program for these properties will be prepared in 2003.



QUARTERLY REVIEW

QUARTER

YEAR

1st

2nd

3rd

4th

2002

KEY FINANCIAL DATA (thousands of CAN\$)

Total revenues	864	19,985	17,532	13,614	51,995
Operating costs	392	10,151	7,357	7,504	25,404
Royalties	4	217	209	245	675
Administration	388	540	488	813	2,229
Exploration and evaluation of projects	276	785	1,086	1,581	3,728
Provision for site restoration costs	-	100	-	-	100
Depreciation and depletion	153	2,684	2,082	1,699	6,618
Write-down of short-term investments	-	-	210	9	219
Mining and income taxes	(3)	1,776	1,815	348	3,936
Net earnings (loss)	(346)	3,732	4,285	1,415	9,086

Cash flow from operations before

net change in non-cash working capital	(162)	6,404	6,541	3,249	16,032
Acquisition of property, plant and equipment	335	424	386	950	2,095
Cash, cash equivalents and short-term investments	7,926	19,003	27,103	30,979	30,979
Working capital	13,878	20,629	26,863	29,775	29,775
Shareholders' equity	25,100	29,604	34,241	36,403	36,403

KEY PER-SHARE DATA (CAN\$)

Net earnings (loss)	(0.02)	0.24	0.28	0.09	0.59
Cash flow from operations before					
net change in non-cash working capital	(0.01)	0.42	0.43	0.21	1.05
Weighted average number of common shares outstanding (thousands)	15,051	15,238	15,442	15,608	15,339
Shares outstanding (thousands)	15,101	15,423	15,537	15,747	15,747

OUNCES OF GOLD SOLD

Beaufor Mine	-	18,865	21,406	14,103	54,374
Hammerdown Mine	1,750	21,509	13,003	12,054	48,316
Total	1,750	40,374	34,409	26,157	102,690

KEY PER-OUNCE DATA

	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$
Average exchange rate for 2002	1.57	1.00	1.57	1.00	1.57	1.00	1.57	1.00	1.57	1.00
Selling price	457	291	480	306	488	311	491	313	485	309
Market price	455	290	491	313	493	314	507	323	487	310
Cash cost										
Beaufor Mine	-	-	264	168	218	139	306	195	256	163
Hammerdown Mine	226	144	251	160	225	143	284	181	251	159
Weighted average	226	144	257	164	221	141	296	188	254	162
Depreciation and depletion	78	50	62	39	57	36	63	40	61	39
Total cost	304	194	319	203	278	177	359	228	315	201

FINANCIAL REVIEW 1998 TO 2002

(Years ended December 31)

	2002	2001	2000	1999	1998					
KEY FINANCIAL DATA (thousands of CAN\$)										
Total revenues	51,995	35,044	34,792	34,778	47,424					
Production costs	26,079	20,777	22,907	25,242	28,520					
Administration	2,229	1,660	1,197	1,391	1,403					
Exploration and evaluation of projects	3,728	460	190	133	205					
Evaluation and maintenance charges – Beaufor Mine	-	1,284	744	-	-					
Interest on long-term debt	-	-	-	-	72					
Foreign exchange loss on long-term debt	-	-	-	-	74					
Depreciation and depletion	6,618	4,873	5,670	8,351	9,789					
Write-down of short-term investments	219	-	-	-	-					
Mining and income taxes	3,970	1,341	2,140	55	2,084					
Minority interest and share in loss of a related company	-	-	(688)	(9)	182					
Net earnings (loss) before write-down of mining assets and provision for site restoration costs										
	9,152	4,649	2,632	(385)	3,775					
Write-down of mining assets	-	4,163	5,964	13,052	-					
Provision for site restoration costs	100	1,050	750	-	-					
Recovery of mining and income taxes	(34)	(1,082)	(691)	(5,231)	-					
Net earnings (loss)	9,086	518	(3,391)	(8,206)	3,775					
Cash flow from operations before net change in non-cash working capital										
	16,032	8,976	9,552	7,466	16,370					
Acquisition of property, plant and equipment	2,095	7,590	7,185	6,970	4,527					
Cash, cash equivalents and short-term investments	30,979	15,606	11,252	8,121	8,463					
Working capital	29,775	14,287	13,780	12,532	12,705					
Shareholders' equity	36,403	25,360	24,849	33,691	42,310					
KEY PER-SHARE DATA (CAN\$)										
Net earnings (loss) before write-down of mining assets and provision for site restoration costs										
	0.60	0.31	0.17	(0.02)	0.24					
Net earnings (loss)	0.59	0.03	(0.22)	(0.53)	0.24					
Cash flow from operations before net change in non-cash working capital										
	1.05	0.60	0.63	0.48	1.05					
Weighted average number of common shares outstanding (thousands)	15,339	15,052	15,156	15,479	15,665					
Shares outstanding (thousands)	15,747	15,051	15,057	15,407	15,551					
OUNCES OF GOLD SOLD										
Beaufor Mine (50% in Richmond Mines from 1998 to 2000)	54,374	-	18,940	21,457	21,307					
Hammerdown Mine	48,316	32,533	-	-	-					
Francoeur Mine	-	34,500	20,406	21,198	31,611					
Nugget Pond Mine	-	14,120	38,195	40,054	44,044					
Total	102,690	81,153	77,541	82,709	96,962					
KEY PER-OUNCE DATA										
	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$
Average exchange rate	1.57	1.00	1.55	1.00	1.49	1.00	1.49	1.00	1.48	1.00
Selling price	485	309	420	271	433	292	388	261	458	309
Market price	487	310	420	271	416	280	415	279	436	294
Cash cost										
Beaufor Mine (50% in Richmond Mines from 1998 to 2000)	256	163	-	-	348	234	351	236	330	223
Hammerdown Mine	251	159	178	115	-	-	-	-	-	-
Francoeur Mine	-	-	288	186	353	238	390	262	325	219
Nugget Pond Mine	-	-	362	234	211	142	205	138	213	144
Weighted average	254	162	257	166	284	191	284	191	275	185
Depreciation and depletion	61	39	-	-	61	39	55	36	55	36
Total cost	315	201	317	205	347	233	379	255	370	249
NUMBER OF EMPLOYEES	234		141		196		271		282	

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All dollar figures are in CAN\$, unless otherwise stated)

In 2002, the price of gold ranged from US\$278 to US\$349 per ounce. The average price of gold, which had been relatively weak since 1997, rebounded to US\$310 per ounce in 2002, and it appears that this recovery will be sustained in 2003. The average selling price of gold in 2001 was US\$271 per ounce.

The gold industry as a whole was much stronger in 2002. Richmond Mines benefited from this general turnaround as well as from positive internal developments. The Hammerdown Mine in Newfoundland completed its first full year of operation in 2002, and the Beaufor Mine in Quebec resumed operations in January. Gold sales totalled a record 102,690 ounces, 27% more than the 81,153 ounces sold in 2001.

Gold sales from the Beaufor Mine in 2002 amounted to 54,374 ounces produced at a cash cost of US\$163 per ounce. The Hammerdown Mine, which commenced operations in July 2001, was responsible for gold sales of 48,316 ounces produced at a cash cost of US\$159 per ounce, compared with sales of 32,533 ounces at a cost of US\$115 per ounce in 2001. Production cash costs per ounce increased because grades were 20% lower in 2002 than in 2001.

Richmont Mines also reported excellent financial results in 2002. Net earnings were a record \$9,085,818, or \$0.59 per share, substantially higher than the net earnings of \$518,090, or \$0.03 per share, reported in 2001. Cash flow from operations before net change in non-cash working capital also increased, rising from \$8,975,874, or \$0.60 per share, in 2001 to \$16,032,057, or \$1.05 per share, in 2002. Cash, cash equivalents and short-term investments increased by \$15,373,143 during the year, reaching \$30,978,920 by year-end 2002.

In short, the financial situation of Richmond Mines remains very strong: the Company has no long-term debt, and as at December 31, 2002, it had working capital of \$29,775,077 and an unused line of credit of \$5 million.

Change in an accounting policy

The Company's accounting policies are in line with Canadian generally accepted accounting principles and with mining industry practices. On January 1, 2002, Richmond Mines prospectively adopted the new accounting recommendations of the Canadian Institute of Chartered Accountants relating to stock-based remuneration and other share-based payments. The Company decided to continue to use the settlement-value method to record the granting of options to senior executives and management and applies the fair-value method for options granted to non-employees. Any cash received on exercise of stock options is credited to capital stock.

Revenues

The Company's precious metals revenues increased in 2002, climbing to \$49,815,082 from \$34,013,168 in 2001, as a result of increased production and a higher gold selling price. Total revenues were \$51,995,182 compared with \$35,043,516 in 2001. The Company received from the Quebec Ministry of Natural Resources financial assistance of \$1,026,996 in 2002 to secure infrastructure at the Beaufor Mine and \$496,000 to carry out exploration work at the Francoeur Mine. Both amounts are recorded under "Other revenues". The grant pertaining to securing the Beaufor Mine may become payable under certain conditions.

Expenses

Operating costs and royalties totalled \$26,078,670 compared with \$20,777,034 the previous year. Operating costs per ounce improved in 2002, decreasing to US\$162 per ounce from US\$166 per ounce in 2001. Administrative expenses rose to \$2,229,343 in 2002 from \$1,660,124 in 2001.

Exploration and project-evaluation costs increased to \$3,727,600 in 2002, with \$2,361,147 of this amount devoted to exploration activities at the Francoeur Mine. In 2001, these costs were \$460,300. The exploration work conducted in 2002 at the Francoeur Mine contributed to increasing resources to 233,000 ounces of gold at year-end 2002 from 87,000 ounces a year earlier.

To comply with federal and provincial environmental regulations, Richmond Mines allocated and paid out \$100,000 for site restoration during the year 2002.

Depreciation and depletion rate per ounce was almost the same in 2002 at \$61 per ounce compared with \$60 per ounce in 2001. Depreciation and depletion amounted to \$6,618,410 compared with \$4,872,917 in 2001.

No mining assets were written down in 2002, while the closing of the Nugget Pond Mine led to a write-down of \$4,162,918 in 2001. During fiscal year 2002, Richmond Mines took a \$219,372 write-down on some of its short-term investments.

Tax expenses were \$3,935,969 in 2002 compared with \$258,605 in 2001.

Net earnings totalled \$9,085,818, or \$0.59 per share, a marked improvement over earnings for 2001, which were \$518,090, or \$0.03 per share. This increase in net earnings is due to higher gold sales, which rose to 102,690 ounces from 81,153 ounces in 2001, a stronger average selling price of gold, which rebounded to CAN\$485 per ounce in 2002 from CAN\$420 in 2001, and the \$4,162,918 write-down of mining assets in 2001.

Cash flow from operations

Cash flow from operations increased by over 30%, climbing to \$15,916,748 from \$11,950,388 in 2001. Before the net change in non-cash working capital, cash flow from operations was \$16,032,057, or \$1.05 per share, compared with \$8,975,874, or \$0.60 per share, in 2001. Higher net earnings account for this increase.

Investments

Investments increased from \$7,589,609 in 2001 to \$13,820,145 in 2002. The vast majority of this amount was used to make short-term investments of \$11,725,057 that are readily convertible to cash. The Company also invested \$1,293,246 at the Beaufor Mine to complete the work required to secure infrastructure as well as to construct a warehouse and to purchase mining equipment. Richmond Mines also invested a total of \$801,842 in its other properties, including \$318,000 to acquire the Sewell and Cripple Creek exploration properties near Timmins, Ontario. In 2001, the Company's major investments were allocated to develop the Hammerdown Mine and to acquire a 50% interest in the Beaufor Mine and secure its infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

(All dollar figures are in CAN\$, unless otherwise stated)

Financing

During fiscal year 2002, the Company issued 696,100 shares following the exercise of stock options and received \$1,770,855. No shares were issued in 2001.

Cash, cash equivalents and short-term investments

In 2002, cash and cash equivalents increased by \$3,867,458, reaching \$19,473,235 by the end of the year compared with \$15,605,777 at year-end 2001. In addition to these cash holdings, the Company had, as at December 31, 2002, a total of \$11,505,685 in readily cashable short-term investments.

Assets

Total current assets increased considerably, climbing from \$18,124,595 in 2001 to \$35,871,799 as at December 31, 2002. Higher cash flow from operations accounts for most of this increase.

The book value of property, plant and equipment declined to \$9,404,345 from \$13,927,667 in 2001. This reflects the fact that annual depreciation was greater than capital acquisitions.

As at December 31, 2002, the book value of Richmond Mines' total assets stood at \$45,276,144, higher than the carrying value of \$32,052,262 reported at year-end 2001.

Liabilities

Current liabilities, which consist of accounts payable and accrued charges as well as income and mining taxes, rose from \$3,837,970 in 2001 to \$6,096,722 in 2002. The increase in accounts payable is attributable to the activities associated with restarting the Beaufor Mine, and improved net earnings led to higher income and mining taxes to be paid.

As at December 31, 2002, Richmond Mines had a provision of \$2,776,000 for mine-site restoration costs, the same amount allocated for this purpose one year earlier.

At the end of 2002, Richmond Mines' total liabilities were \$8,872,722 compared with \$6,692,113 at year-end 2001. Richmond Mines has no long-term debt.

Shareholders' equity

Shareholders' equity, which was \$25,360,149 in 2001, increased to \$36,403,422 in 2002. This reflects higher net earnings and an increase in capital stock resulting from the issue of common shares. Net earnings led to a return on shareholders' equity of 29% in 2002 compared with 2% in 2001.

Hedging

Richmont Mines uses forward sales contracts on gold and U.S. dollars to minimize the risks associated with fluctuations in the price of gold and exchange rates. The Company's Board of Directors approves all such policies in advance. In 2002, hedging operations allowed Richmond Mines to obtain an average selling price of US\$309 for the gold it produced, US\$1 less than the average market price of US\$310 per ounce of gold. As at December 31, 2002, Richmond Mines had hedging contracts guaranteeing a minimum price of US\$320 and a maximum price of US\$336 per ounce for 11,000 ounces of gold to be delivered during the first quarter of 2003.

Social responsibility

Since Richmond Mines considers higher education to be very important, the Company offers a \$1,000 scholarship each year for a maximum of five years to all its employees' children registered in a full-time university program. In 2002, the Company awarded a total of 18 scholarships of \$1,000 each to the children of employees at its various facilities compared with 14 scholarships in 2001. Since instituting this program in 1994, Richmond Mines has granted a total of \$109,000 in scholarships and over \$75,000 to university foundations. The Company also supports several sports and cultural organizations.

Outlook

In 2003, Richmond Mines expects its two operating mines, Beaufor and Hammerdown, to produce a total of 100,000 ounces of gold at a cash cost of US\$180 per ounce.

Given its strong financial position and the funds generated by its activities, the Company continues to search for profitable gold projects to increase its growth.

COMMON SHARES

	2002	2001	2000
Outstanding	15,747,300	15,051,200	15,056,600
Fully diluted	17,831,200	16,771,200	16,921,600
Closing price on December 31	\$5.84	\$1.87	\$1.30

TORONTO STOCK EXCHANGE (TSE) (CAN\$)

2002

	Share volume (thousands)	High	Low	Close
First quarter	3,363	4.60	1.75	4.20
Second quarter	2,939	6.74	3.75	4.32
Third quarter	1,513	6.25	3.20	5.43
Fourth quarter	986	6.00	4.50	5.84
Annual summary	8,801	6.74	1.75	5.84

AMERICAN STOCK EXCHANGE (AMEX) (US\$)

2002

	Share volume (thousands)	High	Low	Close
First quarter	1,545	2.80	1.10	1.80
Second quarter	4,854	4.40	1.10	1.80
Third quarter	3,300	4.05	1.10	2.80
Fourth quarter	3,261	3.92	1.10	2.80
Annual summary	12,960	4.40	1.10	2.80



MANAGEMENT'S REPORT

Management is responsible for preparing the consolidated financial statements and for any other information contained in the annual report. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and are approved by the Board of Directors. These statements include amounts based on estimates and judgments. All the financial information contained in the report is representative of the data presented in the consolidated financial statements.

Management maintains adequate systems of internal accounting and administrative controls. These systems are designed to provide reasonable assurance that the financial information is relevant and reliable and that the Company assets are appropriately accounted for and adequately safeguarded.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee. This Committee meets periodically with management, as well as the external auditors, to discuss auditing matters and to review the consolidated financial statements. The Audit Committee reports its findings to the Board for its consideration when approving the consolidated financial statements for issuance to the shareholders. The external auditors, KPMG LLP, have free access to the Audit Committee



Louis Dionne
President and Chief Executive Officer



Jean-Yves Laliberté
Vice President, Finance

January 24, 2003

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Richmond Mines Inc. as at December 31, 2002 and 2001 and the consolidated statements of earnings, retained earnings (deficit) and cash flow for each of the years in the three-year period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001 and the results of its operations and its cash flow for each of the years in the three-year period ended December 31, 2002 in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Montreal, Canada
January 24, 2003

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, (in Canadian dollars)

	2002 \$	2001 \$	2000 \$
REVENUES			
Precious metals	49,815,082	34,013,168	33,397,295
Other revenues (note 3)	2,180,100	1,030,348	1,395,613
	51,995,182	35,043,516	34,792,908
EXPENSES			
Operating costs	25,403,493	20,570,443	22,451,257
Royalties	675,177	206,591	454,798
Administration	2,229,343	1,660,124	1,197,375
Exploration and evaluation of projects (note 4)	3,727,600	460,300	190,231
Evaluation and maintenance charges – Beaufor Mine	-	1,283,528	744,097
Provision for site restoration costs (note 5)	100,000	1,050,000	750,000
Depreciation and depletion	6,618,410	4,872,917	5,670,309
Write-down of mining assets (note 6)	-	4,162,918	5,964,208
Write-down of short-term investments	219,372	-	-
	38,973,395	34,266,821	37,422,275
EARNINGS (LOSS) BEFORE OTHER ITEMS	13,021,787	776,695	(2,629,367)
MINING AND INCOME TAXES (note 7)	3,935,969	258,605	1,449,209
	9,085,818	518,090	(4,078,576)
MINORITY INTEREST	-	-	687,650
NET EARNINGS (LOSS)	9,085,818	518,090	(3,390,926)
NET EARNINGS (LOSS) PER SHARE (note 8)			
Basic	0.59	0.03	(0.22)
Diluted	0.57	0.03	(0.22)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	15,339,497	15,051,644	15,156,374

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

Years ended December 31, (in Canadian dollars)

	2002 \$	2001 \$	2000 \$
BALANCE, BEGINNING OF YEAR	390,712	(129,752)	3,335,872
Net earnings (loss)	9,085,818	518,090	(3,390,926)
Redemption of shares (note 12)	-	2,374	(74,698)
BALANCE, END OF YEAR	9,476,530	390,712	(129,752)

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

December 31 (in Canadian dollars)

2002

2001

ASSETS

CURRENT ASSETS

Cash and cash equivalents	19,473,235	15,605,777
Short-term investments (market value \$11,597,944)	11,505,685	-
Accounts receivable (note 9)	1,956,412	1,248,004
Inventories (note 10)	2,936,467	1,270,814

35,871,799 18,124,595

PROPERTY, PLANT AND EQUIPMENT (note 11)

9,404,345 13,927,667

45,276,144 32,052,262

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued charges	3,345,916	2,447,226
Mining and income taxes payable	2,750,806	1,390,744
	6,096,722	3,837,970

PROVISION FOR SITE RESTORATION COSTS (note 5)

2,776,000 2,776,000

FUTURE MINING AND INCOME TAXES (note 7)

- 78,143

8,872,722 6,692,113

SHAREHOLDERS' EQUITY

Capital stock (note 12)	26,926,892	24,969,437
Retained earnings	9,476,530	390,712

36,403,422 25,360,149

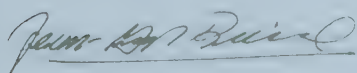
Commitments (note 13)

Contingency (note 14)

45,276,144 32,052,262

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Jean-Guy Rivard
Chairman

Réjean Houle
Director

CONSOLIDATED STATEMENTS OF CASH FLOW

	2002 \$	2001 \$	2000 \$
CASH FLOW FROM OPERATIONS			
Net earnings (loss)	9,085,818	518,090	(3,390,926)
Adjustments for:			
Depreciation and depletion	6,618,410	4,872,917	5,670,309
Stock-based compensation to non-employees	186,600	-	-
Provision for site restoration costs	-	550,000	737,000
Write-down of short-term investments	219,372	-	-
Write-down of mining assets	-	4,162,918	5,964,208
Minority interest	-	-	(687,650)
Future mining and income taxes	(78,143)	(1,128,051)	1,258,588
	16,032,057	8,975,874	9,551,529
Net change in non-cash working capital	(115,309)	2,974,514	1,420,229
	15,916,748	11,950,388	10,971,758
CASH FLOW USED IN INVESTMENTS			
Short-term investments	(11,725,057)	-	-
Beaufor Mine	(1,293,246)	(3,599,984)	(733,499)
Hammerdown Mine	(62,854)	(3,858,801)	(4,750,948)
Other investments	(738,988)	(130,824)	(1,700,487)
	(13,820,145)	(7,589,609)	(7,184,934)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES			
Issue of common shares	1,770,855	-	-
Redemption of common shares	-	(6,590)	(656,048)
	1,770,855	(6,590)	(656,048)
Net increase in cash and cash equivalents	3,867,458	4,354,189	3,130,776
Cash and cash equivalents, beginning of year	15,605,777	11,251,588	8,120,812
Cash and cash equivalents, end of year	19,473,235	15,605,777	11,251,588
CASH FLOW FROM OPERATIONS PER SHARE BEFORE NET CHANGE IN NON-CASH WORKING CAPITAL			
	1.05	0.60	0.63
SUPPLEMENTAL INFORMATION			
Cash paid (received) during the year:			
Mining and income taxes	2,840,445	702,132	(68,032)

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2002, 2001 and 2000 (in Canadian dollars)

Richmont Mines Inc. (the "Company"), incorporated under Part 1A of the Quebec Companies Act, is engaged in mining, exploration and development of mining properties, principally gold.

1. Significant accounting policies

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. As described in note 18, these principles differ in certain material respects from the principles that the Company would have followed had its consolidated financial statements been prepared in accordance with generally accepted accounting principles in the United States. The significant accounting policies followed by the Company are as follows:

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of its subsidiaries, Camflo Mill Inc. (100%) and Louvem Mines Inc. (69.3%).

b) Precious metals revenue recognition

Precious metals revenue, based upon spot metal prices or forward sales contracts, is recorded when rights and obligations related to ownership pass to the purchaser.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments with original maturity dates of less than three months.

d) Short-term investments

Short-term investments are carried at the lower of cost and market value.

e) Inventories

Supply inventories are valued at the lower of average cost and replacement cost. Ore and precious metals inventories are valued at the lower of average cost and net realizable value.

f) Exploration properties

Mining exploration expenditures are expensed as incurred. The acquisition costs of exploration properties and expenditures incurred on properties identified as having development potential are capitalized in accordance with the policies described in note 1 g).

g) Property, plant and equipment

Property, plant and equipment are recorded at cost. Development costs are capitalized when a decision is made to bring an ore body into production. When a project is brought into commercial production, related costs are transferred to the various fixed assets categories and are depreciated according to the units-of-production method calculated on proven and probable reserves. Depreciation of mobile equipment is calculated using the straight-line method based on its anticipated useful life.

Construction costs include interest on funds borrowed. Upon commencement of commercial production, construction costs are transferred to the various categories of buildings and equipment and amortized on their respective bases.

When the net carrying value of a capital asset exceeds the estimated undiscounted future net cash flow, the excess is charged to earnings.

h) Site restoration costs

Future site restoration costs are charged against earnings. The estimation of these costs depends on the development of environmentally acceptable closure and post-closure plans.

i) Future mining and income taxes

The Company accounts for income taxes under the asset and liability method. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2002, 2001 and 2000 (in Canadian dollars)

1. Significant accounting policies (continued)

j) Foreign currency translations

Transactions pertaining to the statement of earnings are translated at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities resulting from these transactions are translated at the rate of exchange in effect at the balance sheet date. Exchange gains or losses are included in earnings.

k) Hedging activities

Gains and losses on forward contracts and other instruments that effectively establish selling prices for future production are not recognized in income until reflected in precious metals revenues when the related production is delivered.

l) Government assistance

Grants originating from government assistance are recorded as revenue or as a reduction of property, plant and equipment, based on the nature of the grant.

m) Earnings (loss) per share

Earnings (loss) per share is the result of net earnings (loss) divided by the average outstanding number of shares during the period. Diluted earnings (loss) per share is determined using the treasury-stock method.

n) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Significant areas requiring the use of management estimates relate to the useful life of assets for amortization purposes and for the evaluation of their net recoverable amount, the provisions for site restoration costs, and mining and income taxes. Accordingly, actual results could differ from these estimates.

2. Change in an accounting policy

On January 1, 2002, the Company prospectively adopted the new accounting recommendations of Section 3870 of the Canadian Institute of Chartered Accountants Handbook relating to stock-based compensation and other stock-based payments made in exchange for goods and services. The Company has chosen to continue using the settlement-value method to record the stock options granted for the benefit of senior executives and management and applies the fair-value method for the options granted to non-employees. Any consideration paid when the option is exercised is credited to capital stock.

3. Government assistance

The Company has recorded government assistance in the amount of \$1,522,996 (\$287,636 in 2001 and nil in 2000) in "Other revenues".

4. Exploration and evaluation of projects

	2002 \$	2001 \$	2000 \$
Francoeur Mine	2,361,147	301,840	125,490
Hammerdown Mine	400,659	56,016	-
Beaufor Mine	808,244	-	-
Evaluation of projects	157,550	102,444	64,741
	3,727,600	460,300	190,231

5. Provision for site restoration costs

The Company's production and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment. The Company has recorded a provision to cover site restoration costs based on management's best estimate of such costs. Such estimates are, however, subject to change based on modifications to laws and regulations or as new information becomes available.

The following table sets forth the evolution of the provision for site restoration costs for the years ended December 31, 2002, 2001 and 2000.

	2002	2001	2000
	\$	\$	\$
Francoeur Mine	101,000	101,000	101,000
Nugget Pond and Hammerdown mines	800,000	800,000	-
Beaufor Mine	500,000	500,000	750,000
Camflo Mill	1,375,000	1,375,000	1,375,000
	2,776,000	2,776,000	2,226,000

6. Write-down of mining assets

Every year, the Company reviews the carrying value of its assets and has concluded that a write-down was required for 2001 and 2000:

	2002	2001	2000
	\$	\$	\$
Nugget Pond Mine	-	4,162,918	-
Beaufor Mine	-	-	3,740,157
Other assets	-	-	2,224,051
Write-down of mining assets	-	4,162,918	5,964,208

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2002, 2001 and 2000 (in Canadian dollars)

7. Mining and income taxes

Mining and income tax expense attributable to earnings (loss) consists of:

	2002 \$	2001 \$	2000 \$
Current	4,014,112	1,386,656	190,621
Future	(78,143)	(1,128,051)	1,258,588
	3,935,969	258,605	1,449,209

Income tax expense attributed to earnings (loss) differs from the amounts computed by applying the combined federal and provincial income tax rate of 34.09% (2001 – 32.83% and 2000 – 33.10%) to earnings (loss) before mining and income taxes as a result of the following:

	2002 \$	2001 \$	2000 \$
Earnings (loss) before mining and income taxes:	13,021,787	776,695	(2,629,367)
Computed "expected" tax expense (recovery)	4,439,388	254,960	(870,320)
Increase (decrease) in mining and income taxes resulting from:			
Resource allowance deduction	(1,124,713)	(595,449)	(560,264)
Tax benefits not recognized	(1,486,584)	517,685	2,446,432
Other	122,274	(294,983)	(99,091)
Income taxes	1,950,365	(117,787)	916,757
Large corporations tax	-	1,200	38,509
Mining duties	1,985,604	375,192	493,943
Total current and future mining and income tax	3,935,969	258,605	1,449,209

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at December 31, 2002 and 2001, are presented below:

	2002 \$	2001 \$
Long-term future tax assets:		
Losses carry forward	235,519	1,076,238
Site restoration costs	1,203,518	1,204,041
Property, plant and equipment	2,414,770	3,149,695
Future tax assets	3,853,807	5,429,974
Less valuation allowance	(3,288,560)	(4,775,144)
	565,247	654,830
Long-term future tax liabilities:		
Property, plant and equipment	(565,247)	(732,973)
Net long-term future tax liabilities	-	(78,143)

The Company may benefit from capital losses to carry forward (without an expiry date) amounting to \$1,019,000.

8. Net earnings (loss) per share

	2002	2001	2000
Net earnings (loss) attributed to common shareholders (\$)	9,085,818	518,090	(3,390,926)
Weighted average number of outstanding shares	15,339,497	15,051,644	15,156,374
Effect of dilutive share purchase options	511,156	-	-
Weighted average number of dilutive outstanding shares	15,850,653	15,051,644	15,156,374
Basic earnings (loss) per share (\$)	0.59	0.03	(0.22)
Diluted earnings (loss) per share (\$)	0.57	0.03	(0.22)

9. Accounts receivable

	2002 \$	2001 \$
Sales and income taxes	912,428	594,802
Government assistance	662,177	475,292
Other	381,807	177,910
	1,956,412	1,248,004

10. Inventories

	2002 \$	2001 \$
Precious metals	910,769	396,749
Ore	881,355	306,450
Supply	1,144,343	567,615
	2,936,467	1,270,814

11. Property, plant and equipment

	2002			2001		
	Cost \$	Accumulated depreciation and depletion \$	Net book value \$	Cost \$	Accumulated depreciation and depletion \$	Net book value \$
Mining properties	5,644,726	2,684,378	2,960,348	5,326,723	867,899	4,458,824
Development costs	5,865,061	3,819,427	2,045,634	6,169,400	2,021,824	4,147,576
Buildings	5,757,767	4,435,198	1,322,569	5,122,838	3,545,382	1,577,456
Equipment	13,421,129	10,345,335	3,075,794	12,030,415	8,286,604	3,743,811
	30,688,683	21,284,338	9,404,345	28,649,376	14,721,709	13,927,667

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2002, 2001 and 2000 (in Canadian dollars)

12. Capital stock

Authorized: Unlimited number of common shares, no par value

	Number of shares	2002 Amount \$	Number of shares	2001 Amount \$
Issued and paid : Common shares				
Balance, beginning of year	15,051,200	24,969,437	15,056,600	24,978,401
Issue of shares a)	696,100	1,770,855	-	-
Redemption of shares b)	-	-	(5,400)	(8,964)
Stock-based compensation to non-employees c)	-	186,600	-	-
Balance, end of year	15,747,300	26,926,892	15,051,200	24,969,437

a) Issue of shares

In 2002, the Company issued, through the exercise of stock options, 696,100 common shares for a cash consideration of \$1,770,855.

b) Redemption of shares

During 2001 and 2000, the Company redeemed 5,400 and 350,211 common shares for \$6,590 and \$656,048 in cash respectively. Those transactions have increased (reduced) retained earnings by \$2,374 in 2001 and (\$74,698) in 2000.

c) Stock Option Purchase Plan

The Company offers a Stock Option Purchase Plan under which options to acquire common shares may be granted to its directors, officers, employees and non-employees. According to this plan, established in 1995 and amended in 1997 and in 2002, the Company may grant options for up to 3,500,000 common shares. The exercise price of each option is the market price of the Company's stock on the date of grant and the maximum term of the granted options is 10 years.

A summary of the status, as of December 31, 2002 and 2001, of the Company's Stock Option Purchase Plan, and changes during the years then ended, is presented below:

	Number of options	2002 Weighted average exercise price \$	Number of options	2001 Weighted average exercise price \$
Options outstanding, beginning of year	1,520,000	2.94	1,665,000	3.37
Granted	1,295,000	4.06	275,000	1.83
Exercised	(676,100)	2.47	-	-
Cancelled or expired	(235,000)	5.71	(420,000)	3.90
Options outstanding, end of year	1,903,900	3.53	1,520,000	2.94
Exercisable options, end of year	1,647,900	3.46	1,500,000	2.94

The following table summarizes information about the Stock Option Plan outstanding at December 31, 2002:

	Options outstanding at December 31, 2002			Exercisable options at December 31, 2002	
Exercise prices	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
\$1.65 to \$1.92	480,000	3.0	1.75	480,000	1.75
\$2.00 to \$2.99	158,900	3.0	2.20	108,900	2.15
\$3.10 to \$3.93	370,000	2.3	3.62	320,000	3.60
\$4.25 to \$5.50	895,000	4.8	4.68	739,000	4.70
	1,903,900	3.7	3.53	1,647,900	3.46

c) Stock Option Purchase Plan (continued)

The Company has elected to account for its stock options by measuring compensation cost using the settlement-value method. If the stock options had been accounted during the vesting period based on the fair-value method, pro forma net earnings and pro forma net earnings per share would have been as follows:

	As reported \$	2002 Pro forma \$
Net earnings	9,085,818	7,460,181
Net earnings per share		
Basic	0.59	0.49
Diluted	0.57	0.47

The pro forma figures omit the effect of stock options granted prior to January 1, 2002.

These pro forma figures include compensation costs that were calculated using Black & Scholes options pricing model with the following assumptions.

Risk-free interest rate	4.5%
Expected life	4 years
Expected volatility	45%
Expected dividend yield	0.0%

In 2002, the Company granted 100,000 stock options to a non-employee for a compensation cost of \$186,600 recorded in the earnings.

d) Other stock purchase options

	2002		2001	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Options outstanding, beginning of year	200,000	3.60	200,000	3.60
Exercised	(20,000)	5.20	-	-
Options outstanding, end of year and exercisable	180,000	3.42	200,000	3.60

As at December 31, 2002, the other 180,000 stock options had exercise prices ranging from \$2.00 to \$5.20 and a weighted average remaining life of 1.5 years.

13. Commitments

The Company is subject to pay royalties on the production of the Hammerdown and Beaufor mines and on that of other properties if they are brought into commercial production.

The Company has posted letters of credit amounting to \$1,257,000 as security for its site restoration obligations.

14. Contingency

The Company is entitled to government assistance over the next two years and this assistance may become payable under conditions specified in an agreement with the Quebec Ministry of Natural Resources. It is not currently possible to determine the amount of such a repayment, if any, and, accordingly, no provision has been recorded in these financial statements. Government assistance recorded in earnings or as a reduction of the cost of property, plant and equipment resulting from this agreement, signed in July 2001, amounts to \$1,119,561 and \$533,035 respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As at December 31, 2002 and 2000 (in Canadian dollars)

15. Bank loan

As at December 31, 2002, the Company has an available line of credit of \$2,000,000 and a revolving credit facility of \$5,000,000, secured by all its assets, renewable on an annual basis, bearing interest at prime rate for the line of credit and prime plus 0.75% for the revolving credit facility.

16. Financial instruments and risk management

The nature of its operations exposes the Company to commodity price fluctuations and to foreign currency exchange risks. The Company manages its exposure to these risks through the use of derivative financial instruments and gold commodity contracts.

The Board of Directors approves all policies concerning the use of derivative financial instruments and gold commodity contracts. The Company does not enter into any financial instruments or derivative financial instruments for trading or speculative purposes.

a) Foreign exchange risk

The Company realizes a significant portion of its revenues in U.S. dollars and enters into various types of foreign exchange contracts in managing its foreign exchange risk.

As at December 31, 2002, the Company has forward exchange contracts maturing in the year 2003 of US\$3,500,000 at an average rate of 1.5686, having a negative fair value of \$48,198. As at December 31, 2001, the Company did not have forward exchange contracts for 2002. As at December 31, 2000, the Company had forward exchange contracts maturing in 2001 of US\$3,000,000 at an average rate of 1.5238, having a negative fair value of \$77,043.

Commodity price risk

For its gold production, the Company reduces its risk to a decrease in the gold price through the use of forward sales contracts and put and call options.

As at December 31, 2002, the Company has a hedging program covering 11,000 ounces in 2003 using put and call options. Under these options, the selling and the purchase prices range from US\$320 to US\$336. As at December 31, 2001, the Company did not have forward sales contracts for ounces of gold for 2002. As at December 31, 2000, under forward sale contracts, the Company had hedged a total of 9,000 ounces of gold for 2001 at an average price of US\$273.

The fair value of the Company's off-balance-sheet financial instruments, held as at December 31, 2002 and 2000, is based on the notional gain or loss accrued using market prices on the reporting date. As at December 31, 2002 and 2000, the fair value of these contracts was a loss of \$205,955 and a gain of \$27,077.

Credit risk

Financial instruments that subject the Company to market risk and concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments, accounts receivable, forward contracts and option contracts for currencies and gold. The Company invests its cash and cash equivalents in high-quality securities issued by government agencies, financial institutions and major corporations, and limits the amount of credit exposure by diversifying its holdings. The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its currency and gold forward option contracts. The Company does not obtain any security to support financial instruments subject to credit risk but mitigates this risk by dealing only with a diverse group of financially sound counterparties and, accordingly, does not anticipate loss for non-performance. The Company continually monitors the market risk of its hedging activities.

The fair value of financial instruments

The Company owns and assumes assets and liabilities such as cash and cash equivalents, short-term investments, accounts receivable, as well as accounts payable and accrued charges. The fair value of these financial assets and liabilities approximates their book value as these items will be realized or paid within one year.

17. Information by segment

The Company operates gold mines at different sites in Quebec and Newfoundland. These sites are managed separately given their different locations. The Company assesses the performance of each segment based on earnings (loss) before other items.

2002	Quebec \$	Newfoundland \$	Corporate and other \$	Total \$
Revenues	27,671,858	23,190,787	1,132,537	51,995,182
Mining operation and other expenses	14,181,112	12,134,827	2,311,446	28,627,385
Exploration and evaluation of projects	809,014	400,659	2,517,927	3,727,600
Depreciation and depletion	2,376,441	4,168,210	73,759	6,618,410
Earnings (loss) before other items	10,305,291	6,487,091	(3,770,595)	13,021,787
Acquisition of property, plant and equipment	1,293,246	62,854	738,988	2,095,088
Current assets	3,970,083	1,554,770	30,346,946	35,871,799
Property, plant and equipment	2,829,231	5,913,645	661,469	9,404,345
Total assets	6,799,314	7,468,415	31,008,415	45,276,144
2001	Quebec \$	Newfoundland \$	Corporate and other \$	Total \$
Revenues	14,679,188	19,559,762	804,566	35,043,516
Mining operation and other expenses	10,194,366	12,269,987	1,022,805	23,487,158
Exploration and evaluation of projects	301,840	56,016	102,444	460,300
Maintenance charges – Beaufor Mine	1,283,528	-	-	1,283,528
Depreciation and depletion	708,761	4,094,842	69,314	4,872,917
Write-down of mining assets	-	4,162,918	-	4,162,918
Earnings (loss) before other items	2,190,693	(1,024,001)	(389,997)	776,695
Acquisition of property, plant and equipment	3,599,984	3,884,582	105,043	7,589,609
Current assets	2,700,462	1,489,518	13,934,615	18,124,595
Property, plant and equipment	3,599,984	10,019,001	308,682	13,927,667
Total assets	6,300,446	11,508,519	14,243,297	32,052,262
2000	Quebec \$	Newfoundland \$	Corporate and other \$	Total \$
Revenues	16,258,587	16,518,524	2,015,797	34,792,908
Mining operation and other expenses	15,022,794	8,998,074	832,562	24,853,430
Exploration and evaluation of projects	125,490	-	64,741	190,231
Maintenance charges – Beaufor Mine	744,097	-	-	744,097
Depreciation and depletion	1,340,924	3,819,558	509,827	5,670,309
Write-down of mining assets	3,740,157	-	2,224,051	5,964,208
Earnings (loss) before other items	(4,714,875)	3,700,892	(1,615,384)	(2,629,367)
Acquisition of property, plant and equipment	1,559,557	5,427,963	197,414	7,184,934
Current assets	4,357,590	3,587,856	9,020,963	16,966,409
Property, plant and equipment	433,007	13,794,794	272,953	14,500,754
Total assets	4,790,597	17,382,650	9,293,916	31,467,163

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2002, 2001 and 2000 (in Canadian dollars)

18. Effect of applying United States generally accepted accounting principles

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). Had these consolidated financial statements been prepared in accordance with United States generally accepted accounting principles (U.S. GAAP), the effect on net earnings (loss) would have been as follows:

	2002 \$	2001 \$	2000 \$
Net earnings (loss) reported under Canadian GAAP	9,085,818	518,090	(3,390,926)
Add (deduct):			
Amortization of start-up costs a)	-	377,798	103,473
Differences in accounting related to forward contracts b)	(254,153)	599,473	(599,473)
Income taxes c)	86,640	(439,772)	223,200
Net earnings (loss) and comprehensive income (loss) reported under U.S. GAAP	8,918,305	1,055,589	(3,663,726)
Net earnings (loss) per share reported under U.S. GAAP			
Basic	0.58	0.07	(0.24)
Diluted	0.56	0.07	(0.24)
Shareholders' equity reported under Canadian GAAP	36,403,422	25,360,149	
Derivatives b)	(254,153)	-	
Income taxes c)	86,640	-	
Shareholders' equity reported under U.S. GAAP	36,235,909	25,360,149	

- a) Under U.S. GAAP, start-up costs, which are capitalized under Canadian GAAP, must be charged against earnings.
- b) U.S. GAAP prohibit the classification of forward foreign exchange contracts as hedging instruments unless they are matched against specific contracted receipts. The fair value of any excess is taken to income as required under U.S. GAAP.
- c) These amounts represent the tax impacts relating to the above a) and b) adjustments.

19. Comparative figures

Certain comparative figures provided for fiscal years 2001 and 2000 have been reclassified to conform with the presentation adopted for the fiscal year ended December 31, 2002.

Disclosure regarding forward-looking statements

This report contains forward-looking statements that include risks and uncertainties. The factors that could cause actual results to differ materially from those indicated in such forward-looking statements include changes in the prevailing price of gold, the Canadian-U.S. exchange rate, grade of ore mined and unforeseen difficulties in mining operations that could affect revenues and production costs. Other factors such as uncertainties regarding government regulations could also affect the results. Other risks may be detailed from time to time in Richmond Mines Inc.'s periodic reports.

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Jean-Guy Rivard •
Chairman

Denis Arcand
Vice Chairman
Director of various companies

Louis Dionne, Eng.
Director
President and Chief Executive Officer, Richmond Mines Inc.

Réjean Houle • •
Director
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Jean Depatie, B.A., M.Sc., Geol. •
Director
President, Gold Hawk Resources Inc.

Gilles Loiselle, PC • •
Director
Advisor to the Chairman of the Executive Committee, Power Corporation of Canada

- Member of the Audit Committee
- Member of the Compensation Committee

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President and Chief Executive Officer

Martin Rivard
Executive Vice President

Jean-Yves Laliberté, CA
Vice President, Finance

André de Guise, Eng.
Vice President, Operations

Nicole Veilleux, CA
Controller

OPERATIONS NEWFOUNDLAND DIVISION

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General Superintendent

Michelle Morey, CMA
Chief Accountant

David Willoughby, Eng.
Chief Engineer

David Pollard, B.Sc., Geol.
Exploration Geologist

Larry Pilgrim, B.Sc., Geol.
Production Geologist

Don Seymour
Senior Mine Coordinator

Wallace Pinksen
Mill Superintendent

Milton Noel
Coordinator
Safety and Human Resources

EXPLORATION

Jules Riopel, M.Sc., Geol.
Principal Exploration Geologist

OPERATIONS QUEBEC DIVISION

Beaufor Mine

François Girard, Eng.
General Superintendent

Laurent Chevalier
Chief Accountant

Marcel Beaudoin, Eng.
Chief Engineer

Jacques Daigneault, B.Sc., Geol.
Exploration Geologist

Donald Trudel, B.Sc., Geol.
Production Geologist

Réal Benoit
Coordinator
Safety and Human Resources

Camflo Mill

Richard Nolet
Superintendent

Réal Lafrenière
Chief Accountant

GENERAL INFORMATION

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Stock Exchange Listings (RIC)

Toronto Stock Exchange (TSE)
American Stock Exchange (AMEX)

Co-Transfer Agent and Co-Registrar in the United States

Computershare Trust Company Inc.
Computershare USA
Lakewood, Colorado

Auditors

KPMG LLP

Annual Meeting of Shareholders

The annual meeting of shareholders will be held on
Wednesday, May 14, 2003, at 9:00 a.m., at the Queen Elizabeth Hotel,
Gallery 2, at 900 René-Lévesque Blvd. West, Montreal, Quebec H3B 4A5.

Un exemplaire français du présent rapport annuel est disponible sur demande :
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